

Meeting A Commercial Need for Intelligence: The International Maritime Bureau

Two factors at work in today's commercial and industrial world are leading to an increase in the number of private intelligence, security, and investigative firms. The first is the overwhelming volume of work, coupled with a shortage of funds, that is keeping traditional government, especially law enforcement, from doing much more to assist the private sector. Second are laws that restrict access to the information that law enforcement and government possess. Government employees are forbidden from telling what they know and what their records often show, regardless of the general nature of inquiry from the outside. The idea that government would thereby assist the private sector, whether commercial, industrial, or economic, poses a host of problems.¹ Given these two factors, commercial and industrial entities are forced to seek out or develop alternative sources of information, or intelligence.

PRIVATE SOURCES

One possible alternative is for a firm or sector to itself develop and maintain the needed information. For instance, major oil companies often have their own information bases. Like a scientific exploration team seeking a pool of oil, a firm's management seeks information about the stability of a particular government, infrastructure data useful in determining a helpful environment, and a host of other tidbits that enter the calculations of a company's decisionmaking. This concern extends into criminal matters as well. When a major company becomes a victim

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of fraud, or is threatened by terrorists, the corporate investigators — using their own information base — can travel, search, and inquire where national police may not have the required personnel, skills or funds. Corporate intelligence, which often includes an investigative capability, is usually limited to major companies. They have the money and can afford the luxury. The lot of the smaller firms and private individuals conducting the thousands of transactions that occur every day in international business is far different. Unable to afford an internal security department or intelligence capacity within their planning section, they are dependent upon their own resources.

Over the years an alternative to the need to make do with what is at hand has been developing. Commercial intelligence is a new industry. When the strategic, or big picture, is necessary organizations such as the Economist Intelligence Unit (EIU) are available. As one of its ads explains, EIU employs 52 economists, 95 researchers, 60 analysts, and 180 country specialists.² The EIU develops country reports. Others work on updates, country risk services, global forecasting, and even special briefing programs like "Operating Joint Ventures in China." For a price, consumers can obtain expertise of strategic value without the expense of doing it themselves. But those who provide such intelligence often do so on the belief that what they collect, analyze, and report on is exactly what a client or subscriber needs. This is not always the case. By necessity, the strategic nature of most collected intelligence is designed to attract and capture a large market of potential intelligence consumers. Much of what is reported is directed at the broad market, not at specific consumers or markets.

An example of a specific market might be the pipeline business.³ While interest there is obviously in the sale or installation of pipelines, there is always a continuing concern for the environment. Thus, while a conference or a specific research study might be of interest, those aspects that do not deal with pipeline construction and maintenance may not. This has always been the problem with the broad, or strategic, picture in an industry. Some members of that industry need specifics, not generalities.

At another level, specially-tailored intelligence, security, and investigation services are obtainable for a price.⁴ Several firms come immediately to mind — Control Risks, Security and Intelligence Systems Corporation, and Kroll Associates. Control Risks (CR) was formed to advise London insurance brokers of the risks in underwriting policies. CR also knows a great deal about international terrorism, and its computer service, CRIS, is well known.⁵

I first encountered Control Risks at a conference of the International Association of Airport and Seaport Police in Bermuda. Its representative, a retired Federal Bureau of Investigation (FBI) agent, was quite knowledgeable on terrorism and the taking of corporate executives as hostages by local terrorist groups. There was

no doubt that CR could assist corporations in negotiating the return of corporate hostages should local resources prove inadequate. Because of my local involvement in the San Francisco Bay Area Chapter of the Association of Former Intelligence Officers, contact was made with the local representative of Security and Intelligence Systems Corporation. This firm's Pacific Northwest Division, located in San Francisco, offers an array of services to corporate and individuals in meeting their informational needs. Kroll Associates was formed by Jules Kroll, an associate of the late Senator Robert F. Kennedy. The best-known operation Kroll has undertaken may well be the tracing of Saddam Hussein's illegal stashes of cash.⁶

Obviously, everything from advice about the stability of a country, the internal security of employees, to investigation of hidden money is available for a price. Still, the focus here remains on the larger commercial and industrial enterprises. What about the very small company, or an individual just starting in business? Who or what is available for those without sufficient financial resources?

The International Chamber of Commerce (ICC) has that concern through its need to bring to all of its members the benefits of security, investigation, and intelligence. Methods of preventing, identifying, and apprehending criminals are needed for both large and small consumers. The ability of specialists to provide a broad spectrum of readily available services is of great concern in international trade. With competition keen, and in some instances the profit margins slim, making a poor choice can rapidly deal a commercial death blow to a firm or individual.

MARITIME CRIME PREVENTION

A particularly vexing problem is fraud and theft in the maritime realm. Where the maxim "a man's word is his bond" once reigned under the famed Baltic Agreement, traders and shippers now need to exercise maximum caution, legally referred to as *due diligence*, in all their operations and transactions. The ICC has largely acted on the premise that something needed to be done to assure the maritime world — those who ship, those who receive, and those who carry — that all has been done to remove or identify criminal acts that threaten international trade. Its principal vehicle for monitoring these problems is the International Maritime Bureau.

KEEPING TABS ON WORLD AFFAIRS

Representing numerous member companies and business associations, the International Chamber of Commerce is a non-governmental organization, and is recognized as such under its Category A consultative status with the United Nations. Based in Paris, the ICC works with the commercial world to develop standard business practices that seek to take much of the worry and risk out of global commerce. The Chamber has also developed rules that facilitate trade, and an ICC International Court of Arbitration for the resolution of inevitable disputes.

An important development has been the ICC's Commercial Crime Services (CCS), an outgrowth of the success of the International Maritime Bureau. Its goals are the removal of problems posed by the need to prevent crime, and to help provide security and investigation. This can be achieved through good intelligence at both the strategical and tactical levels.

Commercial Crime Services features three components: the International Maritime Bureau (IMB), the Counterfeiting Intelligence Bureau (CIB), and the Commercial Crimes Bureau (CCB). The CIB, directed to the specific problem of counterfeit products, has its own networks of national committees in some 57 countries. It is linked with the *Union des Fabricants pour la Protection Internationale de la Propriété Industrielle et Artistique* in Paris.

The CCB concentrates on crimes that cross national boundaries and are usually beyond the ability, resources, and interests of national police forces to handle. Its publication of *Prime Bank Instrument Frauds* and warnings on Nigerian fraudsters were well-noted in alerts subsequently issued by the U.S. Federal Reserve and other financial institutions.

Commercial crime and business malpractice are increasing at a rate that requires further development of the CCS. Some of the problems to be faced include:

1. the growth in numbers and complexity of international high-value transactions, especially in the financial sector;
2. the electronic transfer of funds and data processing, making international frauds much easier to perpetrate and harder to detect;
3. the internationalization and increased sophistication of organized crime;
4. the alarming increase of commercial crimes in countries new to the market economy system, whose governments and law enforcement agencies lack resources and appropriate experience; and
5. the differences in national legislation and business practices.⁷

ICC'S CENTERPIECE FOR CRIME PREVENTION

Central to the ICC's efforts to negate the effects of crime on international trade is the International Maritime Bureau (IMB). It was the first segment of the CCS's services, and upon its success all else followed. Founded 1 January 1981, the IMB is located at Maritime House, 1 Linton Road, in Barking, Essex, IG11 8HG, United Kingdom. A second office was later set up in Kuala Lumpur, Malaysia, because of the heavy work load in Asia. Like its parent organization, the IMB is associated with outside entities recognized in the business of the carriage of goods by sea. Those organizations are the International Maritime Organization and the United Nations Commission on Trade and Development. The IMB was established as the ICC's crime prevention and investigation division. A self-supporting entity, its basic tenet, increasingly adopted by those involved in international commerce, is due diligence.

This old legal principle simply suggests that every participant in a trading action be sure of the who, what, when, where, and why before engaging in any transactions.

The IMB is directed in its day-by-day work by Eric Ellen, former Chief Constable of the Port of London. Ellen was instrumental in IMB's formation and has been well recognized for his work. Elected to various offices in the European Association of Airport and Seaport Police, he has also been president of the International Association of Airport Police.

Major events often have considerable influence on the formation of any agency, and the IMB is no exception. Two occurrences illustrate why the maritime industry needed a formal agency capable of conducting a modern investigation. Those cases were the Angolan Peanut Fraud and the Salem Incident.

In 1975, the government of Angola ordered a shipment of peanuts. Upon the ship's arrival in port, it was discovered that it contained only peanut husks. The government arrested the ship's crew, impounded the vessel and seized sister ships owned by the line. The case went nowhere, as traditional policing methods found nothing. The government's action was unfair to shipowner, charterer, and master, because no one had any idea about the cargo or control over it. The case was investigated and ultimately resolved.

The *Salem*, a very large tanker, was reportedly lost off the South African coast with some 197,000mt of oil. The case raised suspicions and pressure was brought on the insurers for payment for hull and cargo before a thorough investigation was completed. Mechanisms for a thorough investigation were not available. But investigation by those who later became the nucleus of the IMB eventually proved that the tanker had not gone down with its cargo, but had instead unloaded the oil in South Africa. Afterwards, the owner, who had refilled the vessel with salt water, scuttled the *Salem* off the coast. The investigative trail went from place to place — Greece, Switzerland, Italy, Germany, the United States, and the Republic of South Africa. Once the necessary evidence was produced, traditional law enforcement could and did act. Both cases influenced the ICC to establish the IMB.⁸

Careful analysis of the two events would indicate several facts. First, had someone been looking, certain "signals" would have led to a hesitancy to insure or agree to a contract from the start. Second, the existing law enforcement mechanisms proved inadequate. These and other maritime events led to formation of the IMB with Eric Ellen as its director. He was to establish a maritime intelligence network of both open and closed sources, seeking to avoid what had proved to be unavoidable in the past. The IMB would educate international traders, especially those using maritime transport, to the hazards that can befall the unwary. The IMB would also train those in key positions to read the 'signals,' to ask more questions, and help discover criminal activity before it happened. Lastly, using resources often unavailable to

national police forces, some of whom are disinterested in maritime and international crimes, the IMB was to investigate cases and acquire the evidence necessary for officials to act.

As with any agency, other very important assets are the people who make up the IMB. The day-to-day management is in the hands of its skilled director, Eric Ellen, who is well versed in maritime matters. The first level of information comes from an advisory board, whose membership consists of prominent figures from the IMO, shipping companies, and insurance interests. While any advisory board helps the director with policy, there are other uses as well. Individually, each member is a walking encyclopedia who can assist in acquiring the requisite information, at least when so doing does not conflict with his/her primary employer. Next, the IMB staff consists of a very diverse group of maritime professionals. They come from Asia, Africa, and Europe, as well as from the far-flung United Kingdom. Their backgrounds are maritime, and they understand the systems in international trade and commerce on the high seas. Some are former police officers; others, master mariners, shipbrokers, and lawyers. They speak English, French, Spanish, Mandarin, Cantonese, Hokkien, Swahili, Malay, Hindi, and Marathi. Lastly, all have their local and foreign "correspondents" — the extensive network of friends, associates, and acquaintances developed in many places over the years. While the majority of these "correspondents" are found in the shipping, financial, and insurance industries, others come from law enforcement, government, and academia. These "correspondents" supply current information and respond when possible to IMB requests. Often they simply advise of local conditions and discerned trends even before being asked. They believe in the IMB and its purpose. When a "correspondent" cannot assist the IMB, he/she often knows someone who can. Should local inquiries be necessary to an investigation, and sending someone out from London headquarters would be too expensive, locals can then be contracted for the work. The bulk of the work is done through IMB staff, with local "correspondents" assisting. Many, but not all, of these "correspondents" are also members of the ICC.

The International Maritime Bureau is firmly attached to the ICC. A membership organization, its members provide the IMB's financial base, and help it avoid the cash-flow problems usually associated with the pay-as-you-go world of prevention, intelligence, and investigation. Subscribers are encouraged to function on the premise of due diligence in all their dealings. In return for this support from its membership, the IMB provides prevention and investigation from its information base in London and abroad. Subscribers are relieved of the need to hire their own specialists on a piecemeal basis, or developing their own intelligence sources, a very expensive proposition.

IMB'S BASIC WORK

The IMB has four basic functions: (1) education; (2) training; (3) crime prevention; and (4) investigations. Each function relies on both general and specific intelligence. The intelligence from both closed and open sources is aimed at serving the membership, and responding to the occasional request from a non-membership person or firm in international maritime trading.

A. Education

The IMB's primary function is to educate its membership and the general public about the criminal hazards present in today's maritime scene. The IMB does this in several ways. First come the press releases to the mass media on topics of general interest. For instance, a 1994 issue of *Far Eastern Economic Review* published an IMB-produced table on piracy.⁹ Examples of cases were released to educate both the commercial and boating world of the threat posed by piracy.¹⁰ Other kinds of information from the IMB appear in the general media.

Other press releases are aimed at the trade journals to target specific audiences. General information is enhanced with enough specifics to interest a particular readership. Because charter frauds are a continuing problem, articles have been developed by both the IMB staff itself, and from information provided to reporters working for the trade journals. Also bulletins like the Commercial Crime Bureau's *Commercial Crime International*, a publication that features many articles of interest to both the general trading public and those in the maritime trade, and often educates its readers on the criminal threat and how criminals operate, are available to all subscribers regardless of whether they are regular subscribers to the IMB's services or not.

Lastly, special notices are sent to the IMB service subscribers. Here considerable detail is provided and aimed at specific subscribers. In the form of a "Confidential Bulletin," it allows a reader to understand exactly how the fraud or theft is committed. The Bulletin provides greater detail, and its depth gives a reader specifics on how to assist in preventing and detecting a crime before it occurs. Obviously, it is confidential since knowledge of what victims will be looking for would lead to criminals altering their activities so as to avoid early detection. In addition, special information of regional interest, financial aspects, or for special industries is available. All this general and specific news is designed to educate those in the maritime and related industries to possible hazards, and to prepare them for avoiding these shoals.

In addition to providing such general information to industry, the IMB has published several books on specific problems. It sponsored a conference on piracy at the famous Wood's Hole Oceanographic Center in Massachusetts. The papers

presented there were edited and eventually published.¹¹ Three other conferences were held at San Jose State University in California; those papers have also been edited and published.¹² The purpose is to make the industry, governmental policymakers, and the public aware of the issues. The IMB hopes to motivate governments to look at what can be done to eliminate a range of problems, while encouraging academics to assist in the research.

The IMB also allows access to some of its data for specific needs. For instance, a writer seeking information on criminal problems in maritime or international trade is welcome to seek the IMB's help. Legitimate requests that assist in meeting the IMB's goal of educating the public about the criminal hazards are always welcome. Also, a specific subscriber having a general need to write policies, possibly regarding, say, the handling of stowaways, would be allowed to use the IMB's resources for developing that policy. The IMB, with its data, is there to serve both the general public and the special interests who are its subscribers.

The IMB also works with governmental entities. Besides suggesting policies, the IMB establishes relationships with governmental bodies that have similar interests. For instance, the U.S. Navy has an interest in piracy. A special relationship has been developed with those who collect and analyze piracy information; data is exchanged, and when specifics are available, those too are swapped. All is done without violating Navy or IMB policies and procedures about information and privacy.

The IMB also conducts training, depending on the audience and the uses of the training.

B. Training

In the category of general training, the International Maritime Bureau has made available courses for the broader maritime public and those who "interface" with that community. The training takes the form of seminars, formal classes, and special briefings. Various materials collected over the years, and those coming from the experience of IMB personnel and others known to the IMB, were used to develop these courses. An example is the port security course series, "Port State Control: Managing Ship Safety and the Environment." Other courses have focused on more specific matters, like the documentary fraud course held at Jesus College (Cambridge University), and now being offered at sites more convenient to users. This course is for financial institutions handling the papers of international maritime commerce. Through the conduct of relevant exercises the consumer becomes thoroughly acquainted with the techniques used by those attempting fraud.

As to more specialized training, certain groups, such as regional bodies, associations, and corporations, frequently want to take advantage of the information developed by the bureau. The training is aimed at meeting a criminal threat.

Analysis of the procedures and techniques employed by criminals alerts and prepares a potential victim through early identification of attempts to benefit from organizational vulnerabilities.

C. Preventing Crime

A third major IMB function, and probably its most important, is that of crime prevention. If information and experience play a major role in the development of training and education, they play an even bigger role in preventing crime. While education and training concentrate on preventing crime in the general sense, crime prevention involves the legal concept of due diligence. At the center of due diligence is the idea that care should be exercised before undertaking any endeavor. This element has come to have great importance in cases of criminal and civil liability. Fundamentally, its "...primary application [is] in the financial markets where it has been used to indicate the responsibilities placed on those who prepare corporate documents to ensure that the information contained is accurate and not misleading."¹³

The IMB's vast data system allows it to caution subscribers about to enter risky transactions. After a subscriber sends the particulars of the proposed transaction to the IMB, the factual data is confirmed from available sources, starting with the knowledge and experience of the IMB staff. Does everything look fine? Next are the open sources of the maritime industry. Then come closed materials — closed to those not in the maritime industry — the secret files developed by the IMB over the years for its own purposes.

In the world of trade and merchant shipping, a vast array of information sources is available, little of them duplicated anywhere. Information about a specific item may not be located in volumes. Perhaps only one source is available. It is, in the main, open and can be obtained by anyone having the money. But the lack of money tends to be the central problem in building an information base. Doing so is extremely expensive. And when specific information is collected and printed up, there is often only a very limited market. The volumes that line the IMB's walls are not casual bedtime reading. The books range from the confidential listings of ships, produced annually by the famous insurance institution Lloyds, to the more open sources readily available to anyone with money in hand. A daily trade newspaper, *Lloyd's List*, and other newspapers serve the financial world. There's even on-line news information. But all are extremely expensive. The cost for an initial investment in the open source materials is enough to deter both companies and individuals from acquiring the basic library.

For example, the *Jane's Containerisation Directory*, which includes three updates before the next edition appears, costs US\$245. The volume has information on ship owners, container leasing, and intermodal arrangements. Newsletters can

be even more expensive. The Clarkson *Shipping Intelligence Weekly* costs about US\$610 annually. Even guides to ports are costly. The fifth edition of the *South American Ports Handbook* is US\$140. More than twenty other similar volumes of open source information are available to those who wish to be knowledgeable about current activities in the shipping world.¹⁴ Thus savings are realized when using one basic library for many subscribers.

An example might suffice at this point to show just how a trader using due diligence can avoid a criminal or other commercial hazard. When a deal is in the making, and particularly when dealing the first time with someone or a new company, an enquiry is made to the IMB. The IMB initially checks out all the furnished details. Names are confirmed, phone numbers checked; no detail is too small. How long has the individual or firm been doing business at that address? In some situations, the IMB has found that a ship involved in moving certain cargo is not listed in any directory. Also, a ship captain may be listed as working for another company. Occasionally, ports have been identified as unable to handle the listed cargo, nor could the infrastructure in the port's hinterland have handled the container after unloading. In other cases, many details don't really appear to check out. Subsequent investigation might prove that the inquirer was being "set-up" for a fraud. In another instance, the IMB assessment might show that one party wanted the contract so badly it would promise anything. The use of the publicly-restricted Lloyds' sources may show a vessel to be on another assignment or under contract to someone else, so that the charterer will need to substitute another vessel if the contract allows that option. That is not a fraud in itself, but a user might want to be aware of such a possibility in a transaction. Again, the "buyer beware" mechanism is in place. These little matters often catch a criminal or less-than-honorable entrepreneur and constitute due diligence. At a minimum, the IMB analysis gives a user as much confirmed information as can be developed before venturing into a commercial arrangement.

Other open sources, also very expensive, are employed in detecting fraud. For instance, news services like Reuters are used for current events and for historical matters. Back issues are gone through for the name checks. These articles also prove useful in the education and training aspects of the IMB's work. Due diligence in international trade posits that if someone has misbehaved in the past, there is the likelihood of continued shaky deals in the future. New customers should be aware of problems in the past if they are to protect themselves. Knowing if extreme care should be exercised is vital, particularly when the transaction is international and law enforcement resources may be lacking.

These open source systems allow a subscriber or occasional inquirer to be assured that the likelihood of fraud is greatly reduced. The expense of the open sources and the costs of hiring knowledgeable personnel make it obvious that the IMB benefits

the "small fellow" and permits savings for the "big fellow." A subscriber also has the advantage of access to "closed" sources of information available through the IMB.

IMB'S CLOSED RESOURCES

There are basically two types of closed information systems available through the International Maritime Bureau. First are restricted volumes like *Lloyds' Confidential List*. This annual listing of all ships known to the insurance world, with its six-month updates, is not available to the general public. While Lloyds maintains a bookstore for its published products, certain items are not sold to the person off the street. Other lists, guides, association lists and directories are available only to special customers or trade associations. Of course, a copy of almost anything can be acquired surreptitiously, but to acquire materials on a systematic and sustained basis is another matter. A firm or individual must be viewed with respect and meet the qualifying credentials to assure the issuers of certain publications that their trust will never be violated — a form of commercial vetting. There are reasons, some known only to the issuer of a listing, as to why restrictions are placed on distribution of its publications. The IMB, trusted in the maritime field, routinely acquires the necessary lists and directories. It is a crucial part of the closed information system in maritime matters.

The second form of "closed" intelligence is generated by the IMB itself in a two-part process. First, its employees are very knowledgeable and active in their respective fields. They maintain contacts with practitioners and others. They also read the relevant trade journals and newsletters. The acquired knowledge and experience play a key role in identifying individuals and firms for their less than forthright dealings for users of the IMB services. Contacts are maintained with people in the related industries of both casual and sustained bases.

The second part of this process is information systematically collected from the subscribers and occasional inquirers themselves. Upon completion of business, the user of the IMB service is asked to fill out a special evaluation form. Asked are a variety of questions about how matters transpired, and requested is an evaluation of service among all the parties. These confidential evaluations then provide the subsequent inquirers with indications of the earlier practices of a firm or individual.

Care is exercised to assure accuracy and to handle any negative ratings with discretion. Since such reports are largely the word of one party, the IMB merely advises that in the past some had felt the provided services lacked something. Not a forecast of doom, the IMB report is an advisement that in a previous business relationship someone felt things could have gone better; or it could also be a warning that a certain party should be dealt with cautiously. Even in those instances where one of the parties is new to IMB experience, the user will be so advised. Once again, the IMB's integrity has helped it establish a high customer satisfaction and trust.

D. Investigating Fraud Cases

In the International Maritime Bureau all information and personnel experience come into play. Virtually all of its last functional area the bureau's staff have worked cases, both in the field and in the office, through the data bases. Investigations have been a major IMB success story. Its achievements have built trust, and it continues to make a major contribution in thwarting crime. Not only does the IMB solve the cases, it tells about them. This telling is not mere bragging; by telling about the modus operandi of a specific case, others might be prevented or discovered. Also, investigation means the sharing of information with law enforcement authorities when requested in order to resolve international commerce problems.

An example of the sharing of information about criminal activities that threaten international commerce was the 1994 regional meeting in Kuala Lumpur, Malaysia, on piracy. Participants ranged from the United States Navy to the Malaysian Bureau of Maritime Affairs. Efforts by the IMB toward adopting favorable policies in the region also proved helpful. In addition, the work of maritime insurers and others on the FERIT project, helped to provide an excellent picture of the "phantom" ship problem. This international exchange of information facilitated investigations.

From FERIT, two other major outcomes came about. First, the problem of "rust bucket" fraud was unveiled and data collated for the first time. When the shipping industry was in a state of economic depression, those with older tonnage (or "rust buckets," a term derived from the primer used to prevent rust on the hull) were using, or "unloading," their vessels fraudulently. They would often take aboard a fictitious load of highly valuable cargo, and then either pretend to scuttle the vessel or actually do so. If the vessel wasn't scuttled, it would often be altered, then registered under a new national flag of convenience. While inspections of vessels are mandatory before registering a vessel under a flag, some nations are not as conscientious as others. After claiming a loss, both hull and cargo insurance money would be collected. The bulk of this illegal racket was conducted by Chinese triads. Data was collected under FERIT, and key suspects identified.

In another series of scams also aimed at insurance companies, organized crime groups began exploiting refugees from Vietnam. Thousands of people were fleeing the oppression that followed the takeover of South Vietnam by the Communist North. Ships would conveniently rendezvous, by arrangement, with refugees brought out by criminals. The "overload" caused by the excess number of people in boats that often were "sinking" required ship captains to "humanely" abandon their legitimate cargo to make way for the human cargo. Naturally, the cargo was highly insured. Often, the ship's location was nowhere near normal shipping lanes. Other vessels could not assist. So, the criminals profited from the insurance payoffs for a non-existent cargo and from the money the refugees paid to escape their oppressors.

After FERIT collected data from a variety of sources, patterns emerged and certain individuals were consistently identified as being involved in these scams.

Occasionally, a subscriber encounters a major problem. For example, a German importer ordered twenty containers of teak rocking chairs, valued at US\$4.5 million from a seller in Taiwan. What arrived instead were inferior quality barstools. Because the shipment was considered an insured peril — i.e., the insurer would pay only if the cargo was stolen or damaged — the importer had to prove that the original order had been filled (one cannot insure what doesn't exist) and shipped. The German then contacted the IMB. Since inspection or assessment is a necessary part of international trade, did the inspection really affirm what was reported as being sent or had someone been corrupted? Enquiries took the IMB to the Taiwan furniture business, where it found that the firm had previously ordered and purchased those same barstools, enough to have filled 20 containers. After six more days of probing in Taiwan, it was proved that an inspector had taken a bribe. The evidence was turned over to the proper authorities and arrests followed.

Investigations are also conducted for non-subscribers. Knowing the IMB's work, these requests frequently arrive after a firm finds itself cheated. A Russian company purchased US\$2.5 million worth of sugar from a Vienna, Austria, company. The people in Vienna in turn appeared to have contracted with a Bangkok-based company for Thai sugar. The goods, it was claimed, were loaded by the agent onto two ships. Everything seemed to be going smoothly, according to a reading of the telex. Time passed and the sugar never arrived at the Russian port. The IMB investigation began and involved sleuthing in Austria and Thailand. It was subsequently disclosed that the agent knew the firms selected to do the shipping were non-existent, that the insurance claimed to be there wasn't, and even the sugar was non-existent. The Russian money had been deposited in a Hong Kong bank. When word of the fictitious shipment was received, the funds were released. The money has yet to be found. The agent was arrested by Austrian authorities on presentation of the collected evidence. Although the case was solved, the search for the funds continues. Meanwhile, the Russians are without their money and sugar.

These cases could be solved by only persons knowledgeable in the paper trail of the step-by-step system involved in international commerce and the shipping world. By using information available in open sources, these cases were solved. In other instances, investigative leads were acquired and local officials then obtained the search warrants necessary to go further. Unfortunately, the money is rarely recovered because the task of finding out what happened always occurs after the loss becomes known. But, the IMB has used these experiences to prevent others from falling victim to fraud.

LAW ENFORCEMENT INTELLIGENCE

The modern world of maritime commerce needs information to make decisions and help entities avoid becoming a criminal target. The International Maritime Bureau, one of the three crime preventing services of the International Chamber of Commerce's Commercial Crime Services, has proven its value and continues to expand its services.

REFERENCES

- ¹ For an idea of the entire range of problems created by the phrase economic, corporate, commercial and financial intelligence, see Randall M. Fort, "Economic Espionage: Problems and Prospects - Working Paper on Intelligence Reform." (Washington: Consortium for the Study of Intelligence, 1993). For an excellent presentation of the problems posed by government for industry over the matter of security and intelligence support, see M. C. Rinus Moerdjik, Chief Security Officer, Gulf Air, Bahrain, "Airline Security." Paper presented to the International Association of Airport and Seaport Police Annual Training Conference, Ottawa, Canada, 29 June 1995. A perfect example of the refusal to provide information to industry when encountering automobile thefts is the non-availability of data. Traditionally in the United States, the Federal Bureau of Investigation (FBI) was supreme in collecting information and investigating auto thefts across state lines. Now, insurance investigators use the data bases and intelligence services of the National Insurance Crime Bureau (NICB) and the National Auto Theft Bureau (NATB).
- ² Advertisement, *The Economist*, 19 December 1992, p. 89.
- ³ Publications for a specific market would be the *Financial Times* Energy Publications, *Energy Reports Catalogue*, May 1995. There are special groups that meet an industry-wide need. For instance, the International Air Transport Association (IATA), based in Montreal, Quebec, Canada, collects industry-wide data and produces useful information about frauds, etc. IATA also solicits from its membership information that might help others better understand a problem (The Fraud Prevention Information Exchange System).
- ⁴ Since all security and investigative work requires a good informational base, the phrase and individual words — security and investigation — are synonymous with the word intelligence.
- ⁵ Stephen Dorril, *The Silent Conspiracy* (London: Macmillan, 1993), p. 268.
- ⁶ Ibid., p. 331.
- ⁷ "Invitation to Sponsor ICC Commercial Crime Services," p. 2.
- ⁸ International Maritime Bureau, *The First Ten Years: 1981-1991*, pp. 1-2.

- ⁹Michael Vatikiotis and Lincoln Kaye, "Gunboat Diplomacy," *Far Eastern Economic Review*, 16 June 1994, P. 23.
- ¹⁰The IMB is the only agency that has systematically collected information on piracy for dissemination. Reporting piracy is a reluctant activity on the part of local governments since its presence might frighten insurers and thus raise the cost of shipping into local ports. In recent years, the U.S. Navy has been recording piracy incidents at its Post Graduate School in Monterey, California. A missing ship was reported in *The Far Eastern Economic Review*, 27 October 1994, p. 13; and Reuters, Phnom Penh, "Chinese Accused of Piracy" *Financial Times*, 27 June 1995, p. 6.
- ¹¹International Maritime Bureau, *Piracy* (Paris: International Chamber of Commerce, 1983).
- ¹²International Maritime Bureau, *Violence at Sea* (Paris: International Chamber of Commerce, 1987); International Maritime Bureau, *Ports in Peril* (Paris: International Chamber of Commerce, 1993); and International Maritime Bureau, *Shipping at Risk* (Paris: International Chamber of Commerce, 1996).
- ¹³International Maritime Bureau, *Special Report: Due Diligence*, p. 1.
- ¹⁴An occasional inquiry here is from a person or firm that is not a subscriber to the IMB's services. The inquirers receive service on an occasional user fee basis.